

STATEMENT OF PURPOSE

RS27371C2 / H0521

The purpose of this legislation is to encourage the construction and location of large-scale data centers in Idaho. The landscape for attracting data centers is extremely competitive across the United States. At least 30 states offer a sales tax exemption for server equipment. It is highly unlikely that a large-scale data center will locate in Idaho – or any state – without a sales tax exemption. This legislation would allow a sales and use tax exemption to data centers that commit to a capital expenditure of not less than two hundred and fifty million dollars (\$250,000,000) within five (5) years of commencement of construction and will create no less than thirty (30) jobs within two (2) years of commencing operations. If a data center fails to meet these two requirements, any sales and use tax exempted shall be repaid. This legislation also clarifies that data center server equipment is not included in the definition of "new construction" for property tax purposes. Data centers significantly add to the property tax base wherever they are built, and create jobs paying above the average local wage.

FISCAL NOTE

Passage of this legislation will have a positive impact on the general fund. Though this bill allows a sales and use tax exemption, this legislation is prospective and is intended to attract business investment not already present in the state of Idaho. Business investment of two hundred and fifty million dollars (\$250,000,000) or more will create new jobs, not only to directly support the data centers, but also in construction jobs and indirect jobs.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).